



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
27th Session
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NR0365E1
(+ Annexes I and II)

O. Eng.

Brussels, 28 February 2003.

POSSIBLE DELETION OF HEADINGS/SUBHEADINGS
WITH A SMALL VOLUME OF TRADE
COMMENTS BY THE NORWEGIAN ADMINISTRATION AND THE
INTERNATIONAL NICKEL STUDY GROUP
(Item II.2 on Agenda)

Reference documents :

40.367 (RSC/14)	41.920, Annex C/1 (RSC /17 - Report)
40.470, Annex E/1 (RSC /14 - Report)	42.100, Annex F/1, paragraphs 66 à 69 (HSC/21 - Report)
40.413 (HSC/18)	42.233 (RSC /18)
40.600, Annex E/1 (HSC /18 - Report)	42.491 (RSC /18)
40.806 (RSC /15)	42.500, Annex C/1 (RSC /18 - Report)
40.902 (RSC /15)	42.750, Annex E (HSC /22 - Report)
40.920, Annex C/1 (RSC /15 - Report)	NR0027E1 (RSC/19)
41.100, Annex E/1 (HSC /19 - Report)	NR0045E2, Annexes C/1 and D/11 (RSC/19 – Report)
41.332 (RSC /16)	NC0017E1, paragraphs 95 to 98 (HSC/23)
41.458 (RSC /16)	NC0090E2, Annexes F/1, paragraphs 94 and 95, and N/19 (HSC/23 – Report)
41.478 (RSC /16)	NR0091E1 (RSC/21)
41.576 (RSC /16)	NR0101E2, Annex D/1 (RSC/21 – Report)
41.580, Annex C/1 (RSC /16 - Report)	NC0182E1, paragraphs 10 to 13 (HSC/25)
41.600, Annex D, paragraph 87 (CSH/20 - Report)	NC0250E2, Annex F/1, paragraph 6 (HSC/25 – Report)
41.802 (RSC /17)	NR0270E1 (RSC/26)
41.817 (RSC /17)	NR0332E3, Annex B/3 (RSC/26 – Report)

I. BACKGROUND

1. At its 26th Session, the Review Sub-Committee took note of the information provided in Doc. NR0270E1 with respect to the possible deletion of headings and subheadings with a small volume of trade. Administrations were invited to submit the necessary information (i.e., which headings or subheadings should be retained together with a justification for their retention) to the Secretariat.

Note : Shaded parts will be removed when documents are placed on the WCO documentation database available to the public.

File No. 2145 B

2. During the intersession, the Secretariat received notes from the International Nickel Study Group (INSG) and the Norwegian Customs Administration, requesting the retention of subheadings 2827.35, 7403.23 and 7407.22, and subheadings 0301.91, 0302.63 and 0303.73, respectively.

II. SECRETARIAT COMMENTS

3. The Secretariat has prepared the lists of headings and subheadings which could be deleted (reproduced in bold in Annexes I and II to Doc. NR0270E1, respectively), taking into account the observations of the Secretariat in paragraphs 8 to 15 of the same document.
4. In the column "Observations" of the two annexes, the Secretariat has indicated the subheading to which the content of the deleted heading or subheading will be transferred if the heading or subheading at issue will be deleted. It is to be noted that in some cases the text of another heading or subheading is to be amended to take into account the deletion of a particular heading or subheading (e.g., when the heading or subheading to be deleted is mentioned in that other heading or subheading), or that a Section or Chapter Note has to be amended or deleted. The Secretariat has inserted references to these situations as "Notes" in the column "Observations".
5. Compared with the initial lists of headings and subheadings which could be deleted, the Secretariat would like to add the following comments.

Heading 26.12

6. The Secretariat has not included a reference to heading 26.12, since it refers to ores of radioactive elements and should be retained for that reason (environmental concern).

Subheading 0103.10

7. The Secretariat has left out the reference to subheading 0103.10, since the deletion of that subheading would create a structure problem within heading 01.03.

Subheadings 2827.35, 7403.23 and 7407.22

8. With respect to the observations received from INSG, the Secretariat would like to offer the following comments. The retention of subheading 2827.35 appears to be justified, taking into account the remarks of INSG that the deletion of this subheading would seriously undermine the transparency of the global nickel market, and that a substantial increase in trade volumes is expected, due to the development of other applications, in particular in the production of new generations of nickel containing batteries. The retention of subheadings 7403.23 and 7407.22 was, however, not substantiated. The Secretariat, by its letter of 30 October 2002, has, therefore, requested INSG to provide the necessary information. However, by the time of preparation of this document, no information had been received by the Secretariat.

Subheadings 0301.91, 0302.63 and 0303.73

9. The Norwegian Administration argues that, as a general approach, the reduction of species of products with a specific HS product code means that the monitoring of international trade flows in these products will no longer be possible, and that it will significantly reduce the opportunities of monitoring fish stocks and stock depletion.

10. With respect to HS subheading 0301.91 (live trout), the Norwegian Administration argues that changes in the European Economic Area Agreement (EEA) will provide for extended rights to trade in live fish with effect from 1 January 2003, and will, with the foreseen EU enlargement bring in countries of Central and Eastern Europe. This enlargement is expected to result in increased trade in live fish. In parallel with this, other international trade in live fish is increasing. There is consequently a growing need for common systems to facilitate the documentation and tracking of trade in various types of live fish with a view to protecting fish health and food safety. Such systems are also important for our ability to monitor changes in biomass for the various farmed species with a view to efficient and effective environment, resource and market monitoring. These factors, among others, call for the retention of the subheading for live trout.
11. With respect to subheadings 0302.63 and 0303.73 (fresh, or frozen coalfish, respectively), the Norwegian Administration claims that globalisation of trade as well as the international resource situation make it particularly important to monitor white fish products, i.e., coalfish and cod. Coalfish is sent fresh or frozen to low cost countries for filleting and other processing before being re-exported to consumers in Europe. This trading pattern results in a strong need for an effective international monitoring of the resource situation and product flows for the various white fish species. The removal of the subheadings concerned would significantly impair the opportunities for such monitoring.
12. The Secretariat would like to remind delegates that HS codes with low trade volume could be retained subject to the Sub-Committee's agreement if the request is duly substantiated. It, therefore, leaves it to the Sub-Committee to decide whether or not the above reasons suffice to retain the subheadings concerned.
13. Having said this, the Secretariat questions whether the loss of detail in trade data should be a reason to maintain headings or subheadings with low trade volume. Furthermore, as can be seen from Annex II to Doc. NR0270E1, trade volumes in the three subheadings concerned have dropped during the years 1997 to 2000.
14. On the basis of the discussions in the Sub-Committee, the Secretariat will prepare a new working document for the next session. If the Sub-Committee agrees to retain one or more of the subheadings referred to above, the Secretariat will delete them from the list.
15. Trade statistics (import figures) for 1997, 1998, 1999 and 2000 (reference years) were published in Annexes I (headings) and II (subheadings) to Doc. NC0270E1 (RSC/26). For reasons of economy, the Secretariat has not included these tables in the present document, and invites delegates to bring their copies of Doc. NC0270E1 to the meeting.

III. CONCLUSION

16. The Sub-Committee is invited to examine whether or not the HS headings and subheadings identified in Annexes I and II to this document, for which there is insignificant volume of trade, should be deleted, taking into account the observations of INSG, of the Norwegian Administration and of the Secretariat, as set out in paragraphs 3 to 15 above.

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